



**CIE Automotive**

MANAGING HIGH VALUE ADDED PROCESSES

**EARNINGS RELEASE  
REPORT  
DECEMBER 31<sup>ST</sup> 2019**



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- CIE's management uses recurrently and in a consistent way during business management certain Alternative Performance Measures, APM which include terms about results, balance sheet and cash flow. CIE understands that those APMs are helpful to explain its activity evolution, so they are presented, defined and reconciled with financial statements in this presentation's Appendix.

**1. DECEMBER 2019 RESULTS**

**2. BALANCE SHEET**

**3. STRATEGIC COMMITMENTS**

**4. CIE IN STOCK EXCHANGE**

**5. SUBSEQUENT EVENTS**

**APPENDIX**



	31/12/2018	%	31/12/2019
Turnover (€ Mio)	3,029.5	+14%	3,461.1
EBITDA (€ Mio)	529.0	+12%	594.4
Net Income (€ Mio)	242.8	+18%	287.5
Equity	1,048.9	+18%	1,235.0
Share Price (€ per share) <sup>(1)</sup>	21.44		21.44
Number of employees	23,270		28,136
Net Financial Debt (€ Mio)	948.2		1,522.0
Adjusted Net Financial Debt (€ Mio)	948.2		1.505,3
Adjusted NFD/Adjusted EBITDA	1.79x		2.32x

Notes: The comparative information is consistent with the consolidated financial statements published by CIE as of 31/12/2018, considering for 2018 the normalized Net Income of the Automotive segment after positive and negative non-recurring adjustments. See appendix I with the reconciliation at the end of this document.

<sup>(1)</sup> Share price as of 31/12/2019 does not include the discount related to dividend distribution performed in January 2020 ensuring better comparability against share price as of 31/12/2018.



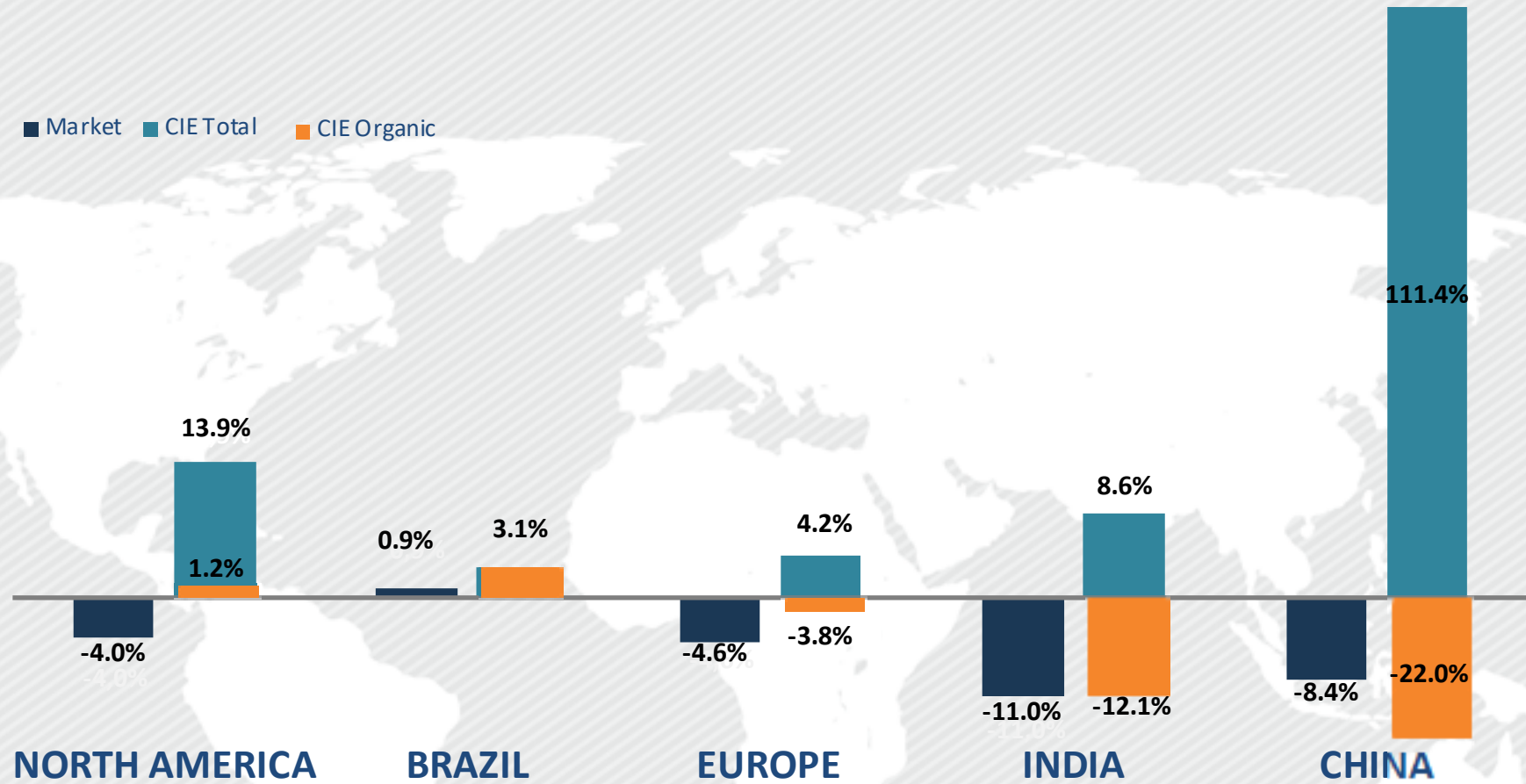


# 1. DECEMBER 2019 RESULTS

# AUTOMOTIVE GROWTH 2018 –2019 (%)



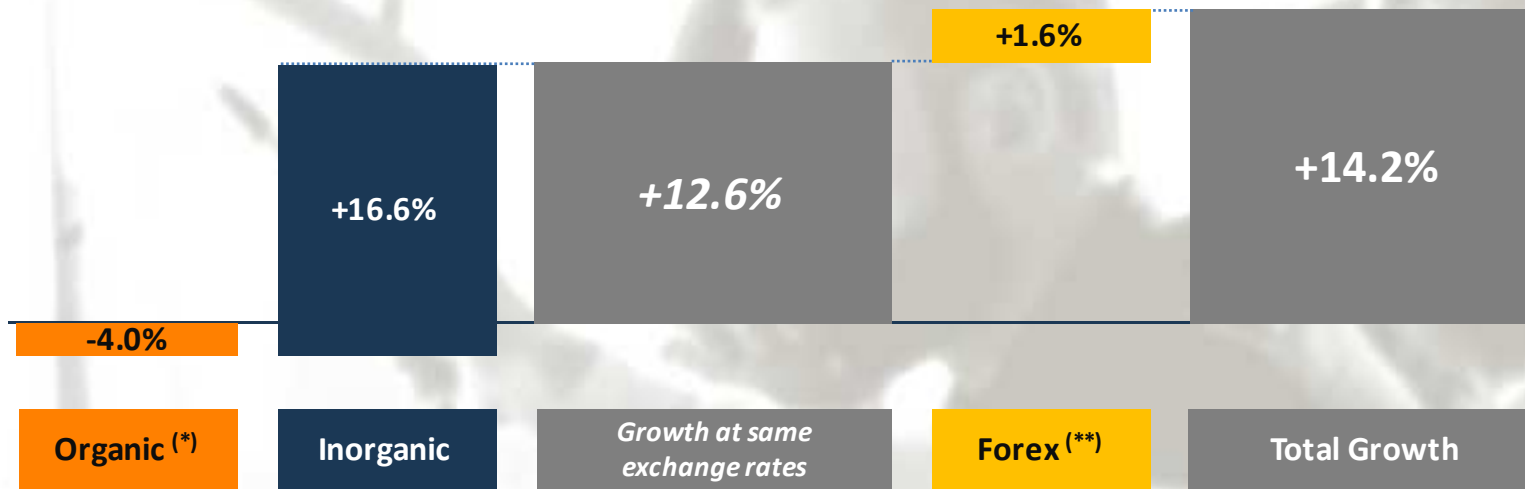
■ Market ■ CIE Total ■ CIE Organic



**Global Production -5.8%**  
**CIE Total +12.6%**  
**CIE Organic<sup>(1)</sup> -4.0%**

Source: Motor vehicle production IHS DECEMBER 2019 (12 Months 2019) (growth % in units).  
<sup>(1)</sup> Increase in revenue including greenfields, considering same exchange rates.





**The Group's sales total growth of +14.2% includes an increase due to the currency translation of +1.6%.**

(\*) Revenue growth including greenfields.

(\*\*) Forex by divisions: North America +6.3%, Brazil -2.5%, China +2.0%, India +2.6%.



*Significant turnover increase supported by new investments and with organic evolution above the market.*

*Excellent performance of margins, in line with previous quarters.*

(€ Mio)	31/12/2018	%	31/12/2019
Turnover	3,029.5	<b>+14%</b>	3,461.1
EBITDA	529.0	<b>+12%</b>	594.4
% EBITDA on turnover	17.5%		17.2%
EBIT	399.2	<b>+7%</b>	427.1
% EBIT on turnover	13.2%		12.3%
Profit for the year	279.9	<b>+12%</b>	314.1
Net Income	242.8	<b>+18%</b>	287.5



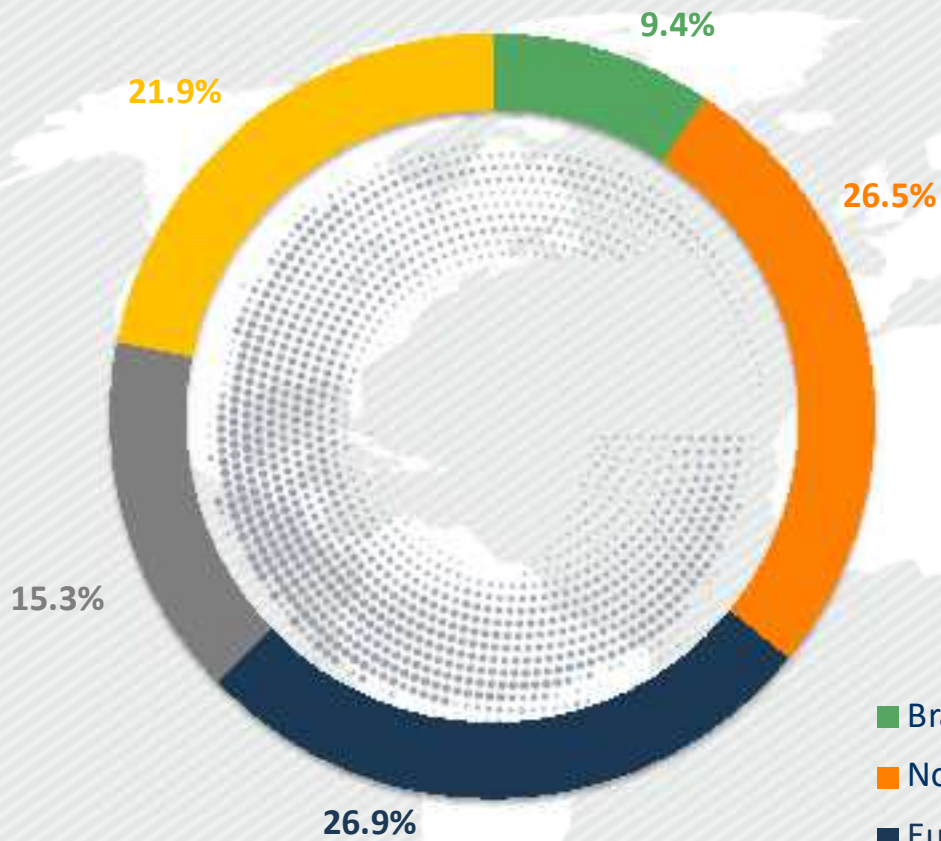


*Quarterly margins slightly penalized by the incorporation of new businesses still far from CIE standards.*

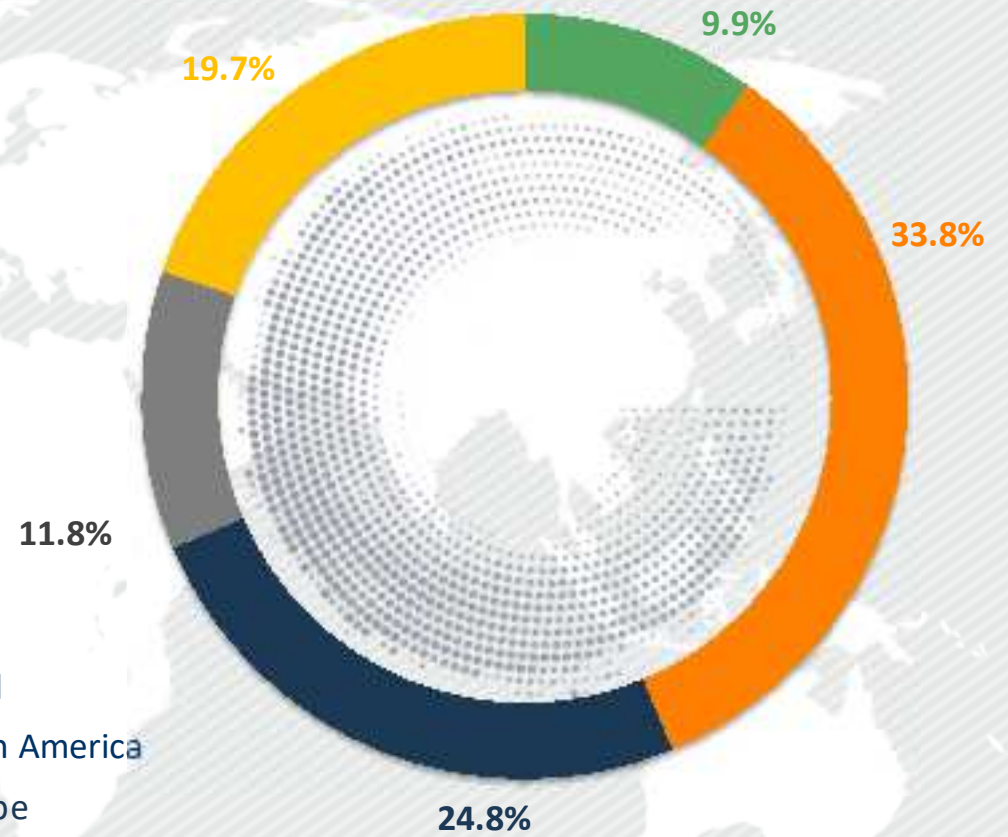
(€ Mio)	4Q 2018	%	4Q 2019
Turnover	737.4	+16%	852.2
EBITDA	124.8	+10%	136.9
% EBITDA on turnover	16.9%		16.1%
EBIT	92.8	+2%	94.9
% EBIT on turnover	12.6%		11.1%
Profit for the year	61.8	+5%	64.8
Net Income	53.1	+19%	63.2



## TURNOVER



## EBITDA



- Brazil
- North America
- Europe
- MCIE Europe
- Asia(\*) (India/China)

(\*) China Turnover: 328€ Mio.



DECEMBER 2019 vs DECEMBER 2018



## EUROPE

Sustainable margins far above market's average slightly penalized by the new businesses still far from group's standards

## MCIE EUROPE

Stabilization of the gradual growth in margins

## NORTH AMERICA

Margins significantly higher than CIE Group average slightly penalized by the new businesses still far from group's standards

## BRAZIL

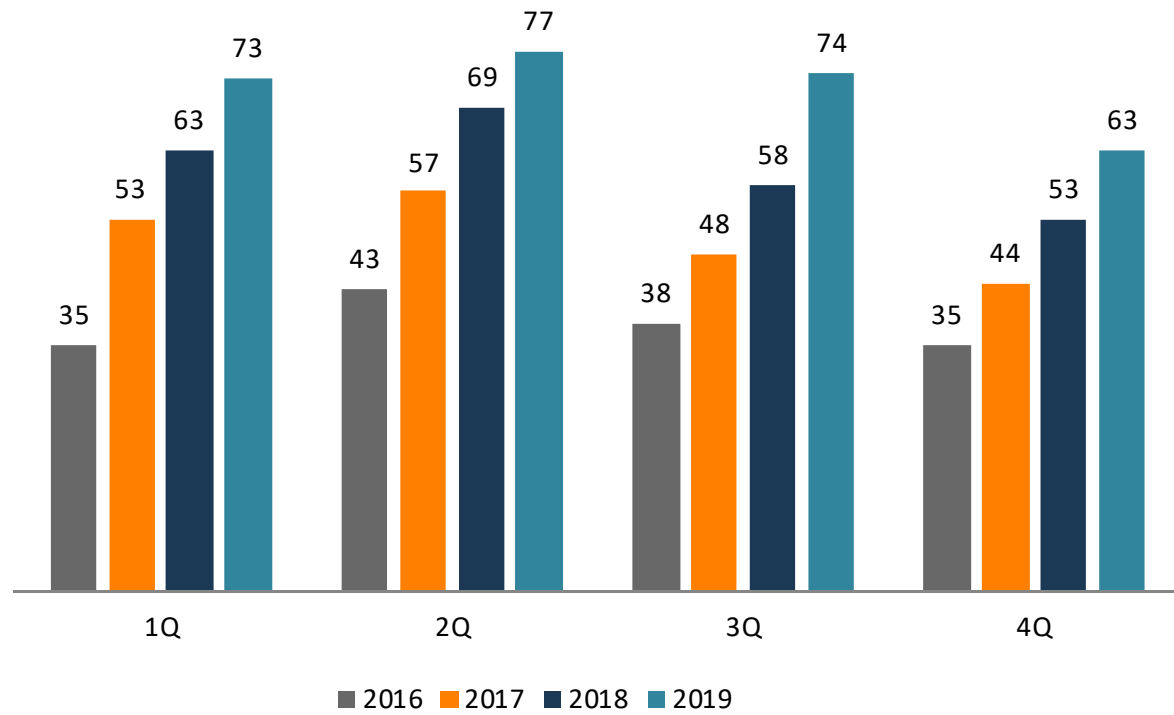
Margins improvement derived from operational improvements carried out

## ASIA

Margins, slightly penalized by the new businesses, still far from group's standards, continue to grow despite the symptoms of market slowdown

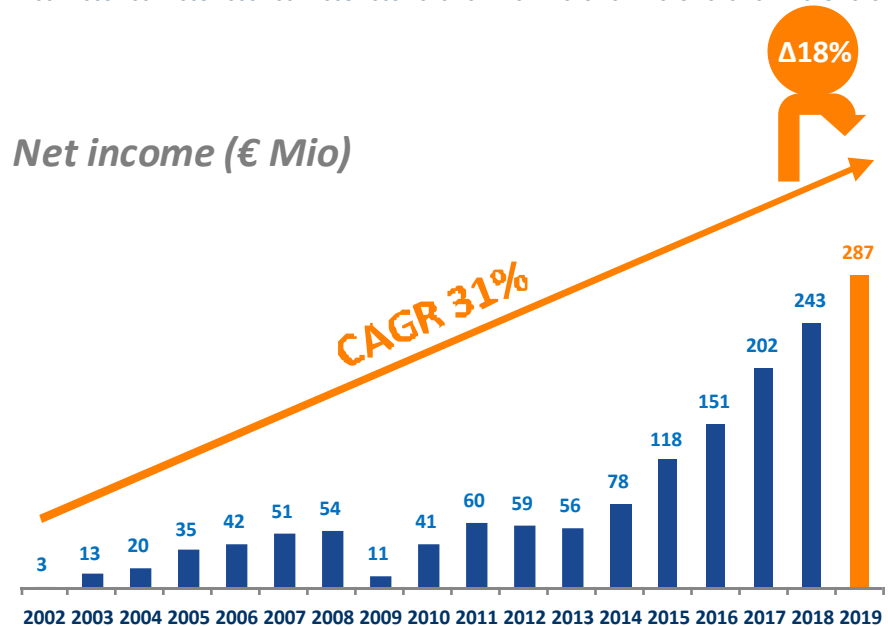
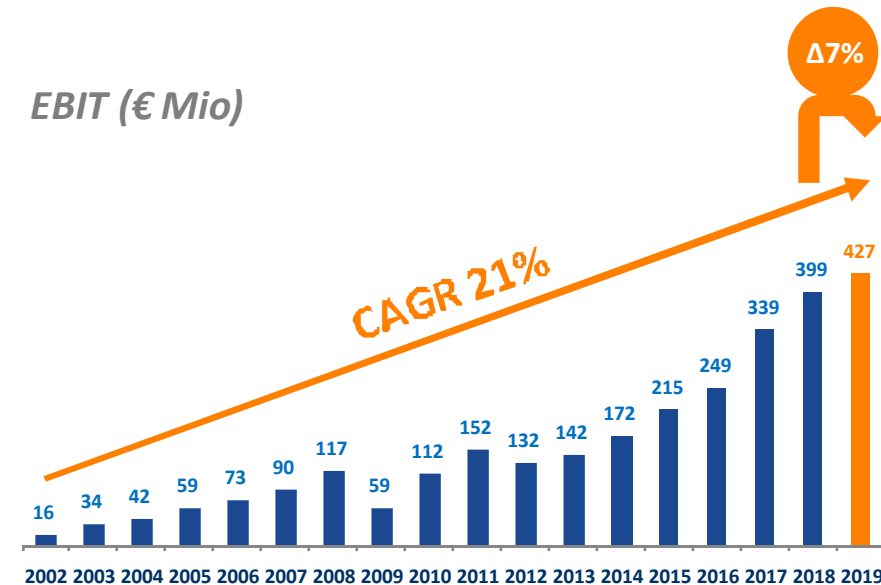
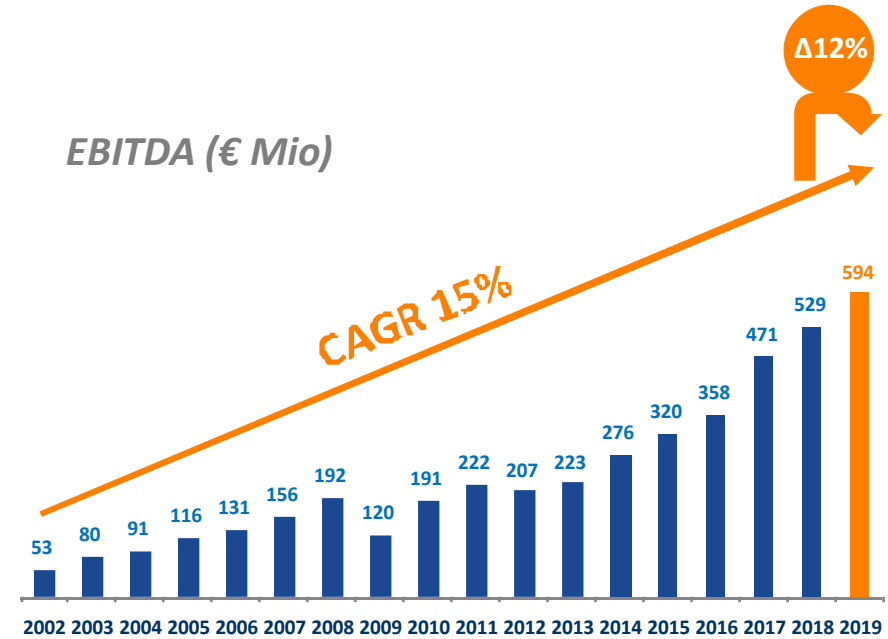
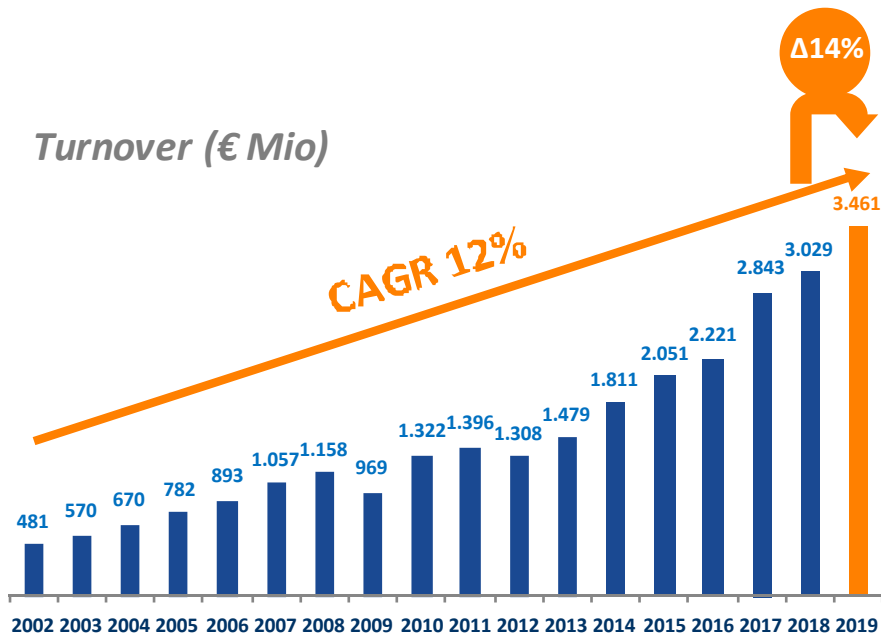


### Net Income (€ Mio)





# SUSTAINED AND PROFITABLE GROWTH





# 2.0 BALANCE SHEET



€ Mio	31/12/2018	31/12/2019
Fixed Assets	2,267.7	3,393.5
Net Working Capital	(158.8)	(275.5)
<b>Total Net Assets</b>	<b>2,108.9</b>	<b>3,116.0</b>
Equity	1,048.9	1,235.0
Net Financial Debt	948.2	1,522.0
Others (Net)	111.8	361.0
<b>Total Equity and Liabilities</b>	<b>2,108.9</b>	<b>3,116.0</b>

*The amount of the non-recourse factoring to 31.12.2019 is 222 MM€.*

**RONA**

**22%**

**18%**

**The organic RONA at December 31<sup>st</sup> 2019 achieves the 22%**



NFD/EBITDA (\*)

2.32X

Net Financial Debt Movement (€ MIO)	DECEMBER 2019
<b>EBITDA</b>	<b>594.4</b>
Financial Expenses	(35.4)
Maintenance CAPEX	(136.8)
Tax Payments	(58.8)
IFRS 16 Leases <sup>(1)</sup>	(22.6)
<b>OPERATING CASH FLOW:</b>	<b>340.8</b>
% EBITDA <sup>(4)</sup>	59.6%
Greenfields and Growing Capex	(86.2)
Net Working Capital Variation	58.0
Payment of Dividends	(80.0)
Biofuels Business Sale <sup>(2)</sup>	18.7
Business Combination of the year <sup>(3)</sup>	(802.3)
Exchange rate effect in NFD	(12.1)
Other Movements	(10.7)
<b>FINANCIAL CASH FLOW</b>	<b>(573.8)</b>
Net Financial Debt 31.12.2018	948.2
Net Financial Debt 31.12.2019	1,522.0
<b>Adjusted Net Financial Debt 31.12.2019</b>	<b>1,505.3</b>

(1) Payment of rental fee accounted in EBITDA according to the application of the new IFRS 16 regulation.

(2) Biofuel plants transmission.

(3) Acquisition of the roof systems design and production business of the American group Inteva Products Inc., 100% of the share capital of the Indian subsidiary Aurangabad Electricals, Ltd. and 100% of the Mexican companies Maquinados de precisión de México S. de R.L. de C.V. and Cortes de Precisión de México S. de R.L. de C.V.

(\*) NFD and Ebitda data adjusted considering 50% of JV China SAMAP





# 3.0 STRATEGIC COMMITMENT



# *MISSION ACCOMPLISHED*

*We achieve the 2020 strategic targets  
one year before our commitment*

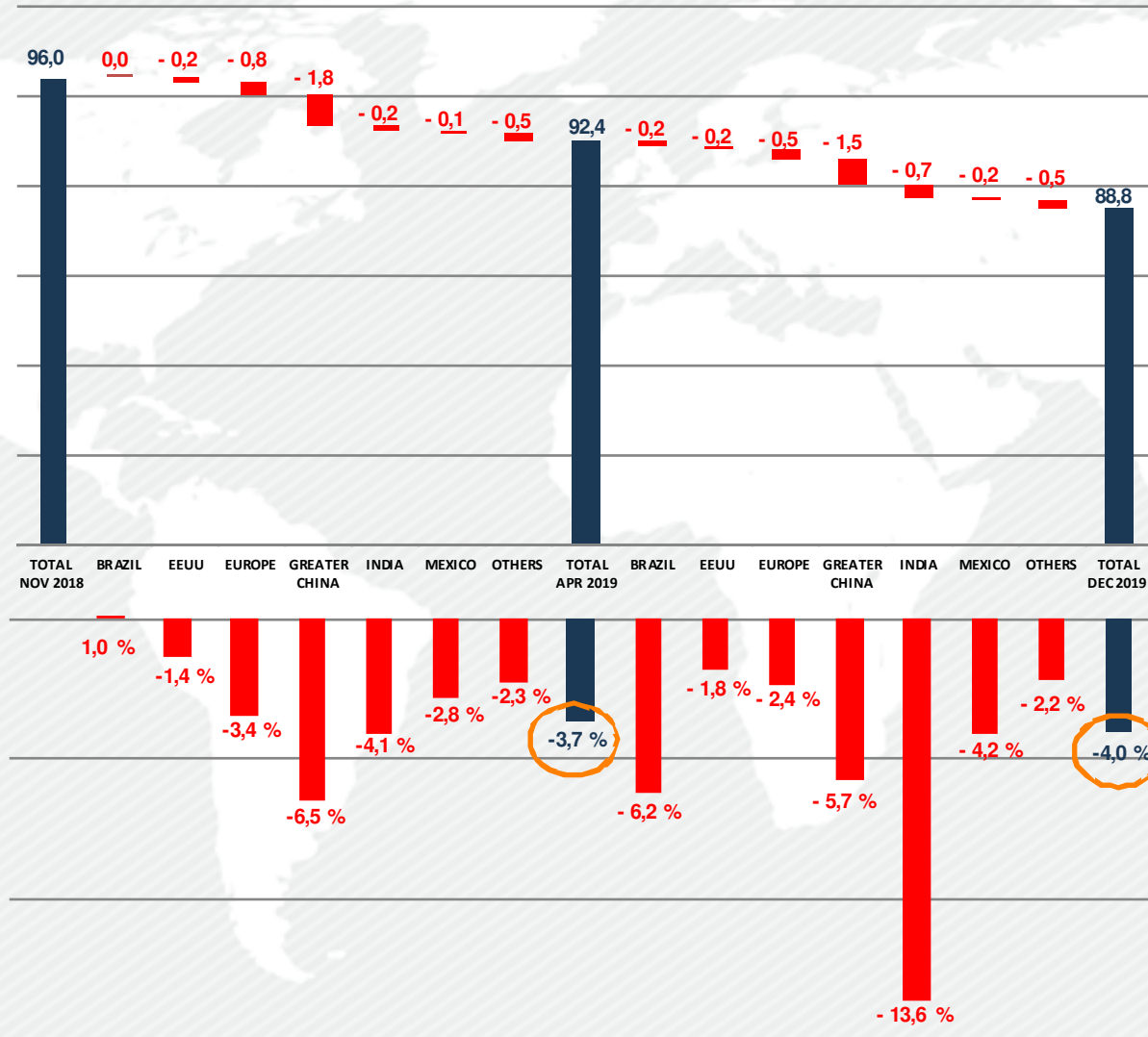
# PRODUCTION VOLUMES EVOLUTION FROM NOV 2018 TO DEC 2019



CIE ELABORATES 2019 BUDGET (NOV-2018)

CIE RELEASE 2019 GUIDANCE (APR-2019)




CIE RELEASE 2019 RESULTS (PRELIMINARY DEC-2019)



**DROP OF -7,5% AND 7,2 MILLION UNITS IN THE VEHICLE PRODUCTION**



2018 PLANT PERIMETER  
2019 M&A NOT INCLUDED




	STARTING POINT 2015	ORIGINAL 2020 TARGETS	II UPDATE 2020 TARGETS	GUIDANCE 2019
<b>SALES</b>	-	2x Market 2016-2020 CAGR ≈ 4%	≈ 4x Market 2016-2020 CAGR ~7%	> 6x 2016-2019 CAGR ≈ 9% 
<b>EBITDA</b>	15.4%	>17%	>18%	> 18% 
<b>EBIT</b>	10.2%	≈13.0%	>14.0%	≈ 14.0% 







2018 PLANT PERIMETER  
2019 M&A NOT INCLUDED

	STARTING POINT 2015	ORIGINAL 2020 TARGETS	II UPDATE 2020 TARGETS	GUIDANCE 2019	
<b>PROFIT AFTER TAXES</b>	6%	≈ 9%	≈ 10%	<b>&gt; 10%</b>	
<b>NET RESULT</b>	118 M€	X2	X2.5	<b>X2.3-X2.5</b>	
<b>CAPEX</b>	7.5%	≈ 7%	≈ 7.5%	<b>≈ 7.5%</b>	





2018 PLANT PERIMETER  
2019 M&A NOT INCLUDED

	STARTING POINT 2015	ORIGINAL 2020 TARGETS	II UPDATE 2020 TARGETS	GUIDANCE 2019	
<b>OPERATING CASH FLOW</b>	50%	≈ 50%	≈ 55%	> 55%	
<b>NFD/EBITDA</b>	2.0X	≈ 0.7X	≈ 1.0X	≈ 1.4X	
<b>RONA</b>	16%	> 20%	≈ 23%	≈ 23%	



***The high performance of the 2018 perimeter  
- reaching 2020 targets a year earlier -,  
together with the already announced  
acquisitions, lead us to design a  
New Strategic Plan***



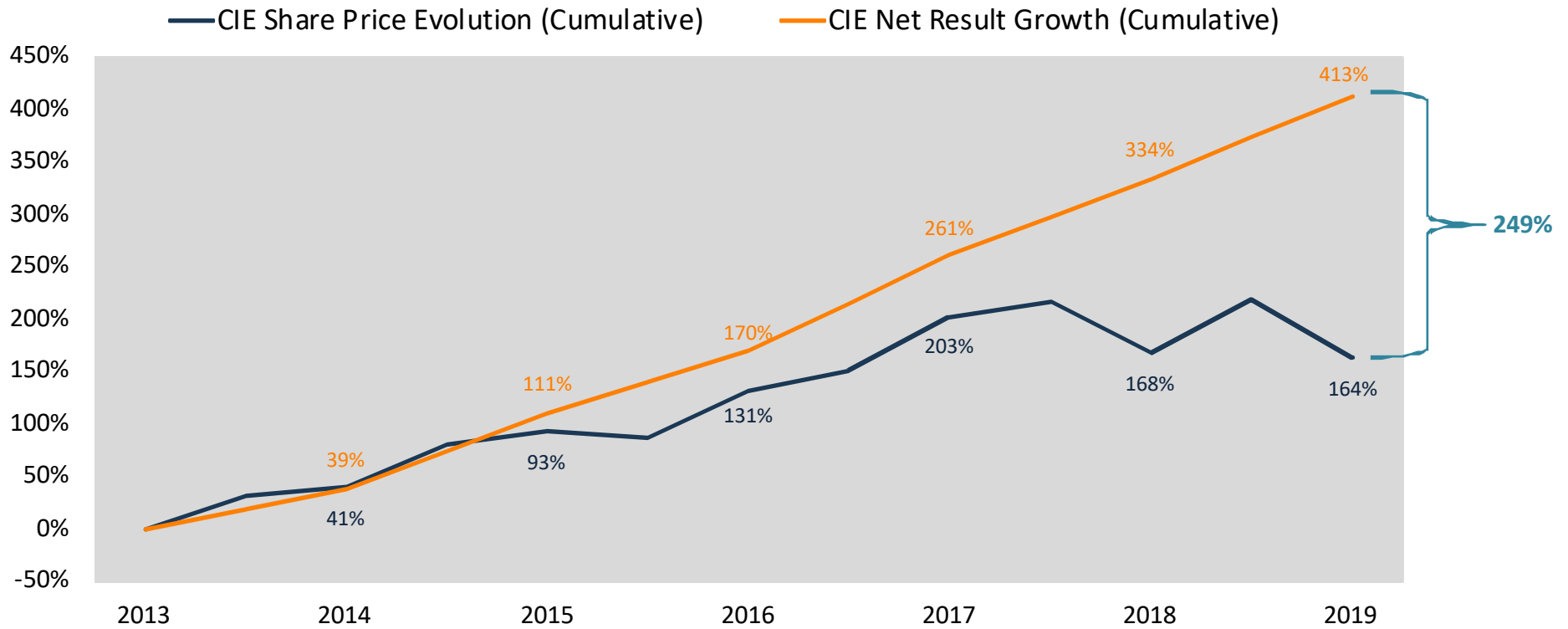
AMBITIOUS GROWTH





# 4.0 CIE IN STOCK EXCHANGE

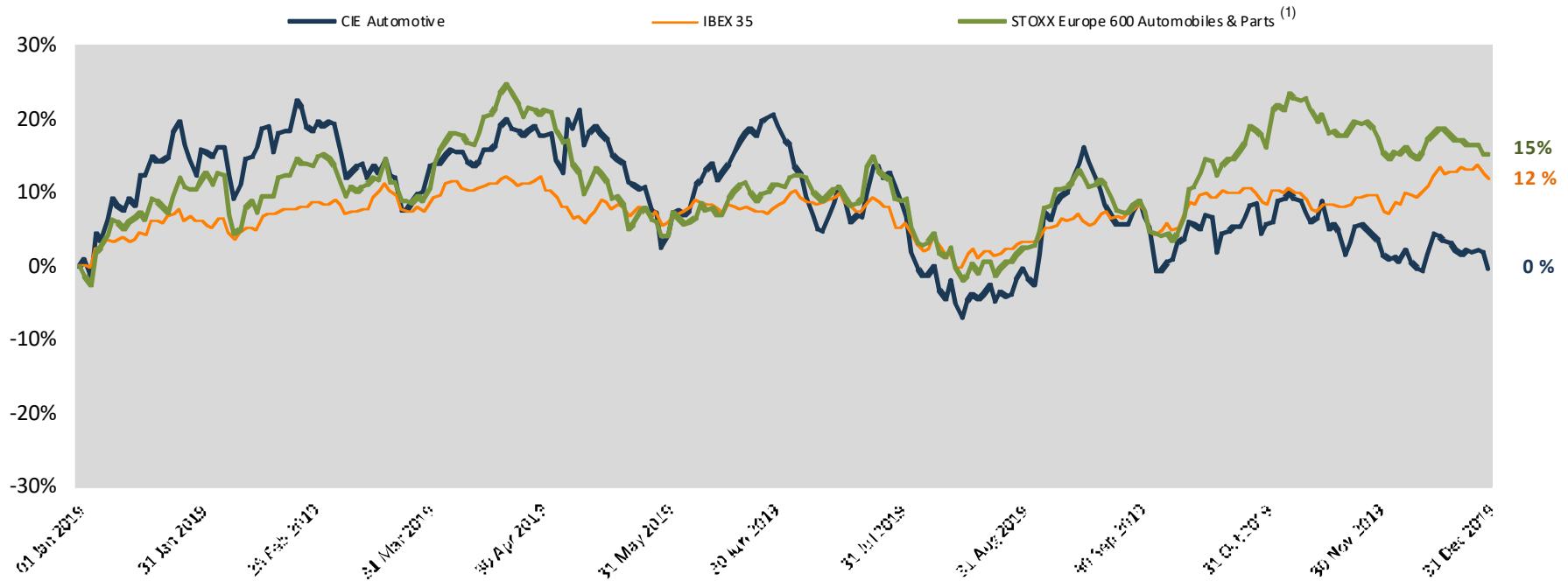
# SHARE EVOLUTION VS NET RESULT EVOLUTION



CIE's share price evolution has performed almost in line with net income evolution during the period from 2013 through 2017...

...but a significant mismatch has arisen during the 2017-2019 period, with CIE's valuations severely and baselessly decreasing.

# CIE SHARE PRICE PERFORMANCE 2019



During 2019, both the general market and the auto sector have remained extremely challenging, with issues of diverse natures impacting them:

- 1. Macroeconomic and geopolitical issues:** continuation of the trade war between the US and China, threat of a potential trade war between the US and the EU, Brexit extension and global economic slowdown, among others.
- 2. Auto sector specific issues:** new emission regulations in different markets, general weak consumer confidence caused by economic uncertainty and deferral of purchases due to lack of clarity on EV adoption, among others.

**Despite this extremely complex backdrop, CIE has delivered outstanding financial results, something that, clearly, hasn't been reflected in its share price performance.**

<sup>(1)</sup> STOXX Europe 600 Automobiles & Parts includes: OEMs: BMW ST, Daimler, Ferrari NV, Fiat, Peugeot, Porsche, Renault & Volkswagen. SUPPLIERS: Faurecia, Michelin, Nokian, Plastic Omnium, Rheinmetall, Schaeffler, Valeo.



# EVOLUTION IN STOCK EXCHANGE



	2019	2018	2017 <sup>(1)</sup>	2016 <sup>(1)</sup>	2015 <sup>(1)</sup>	2014 <sup>(1)</sup>
Market Cap (€M)	2,719	2,766	3,123	2,388	1,993	1,453
Number of shares (M)	129	129	129	129	129	129
Last price of period (€)	21.08	21.44	24.21	18.52	15.45	11.27
Maximum price of period (€)	26.08	36.30 <sup>(1)</sup>	26.20	18.98	15.46	12.29
Minimum price of period (€)	19.31	19.90	17.15	11.98	10.65	7.21
Volume (thousand shares)	57,296	87,149	59,318	59,065	60,619	62,970
Effective (€M)	1,328	2,327	1,244	940	814	600

Source: Madrid Stock Exchange.

<sup>(1)</sup> Upon such dates, CIE's subsidiary "Global Dominion Access S.A." (Dominion) was still within CIE's perimeter. CIE's shares of Dominion were distributed as dividend in kind to CIE's shareholders upon July 3rd, 2018, with a consequential reduction in CIE's share price from that date.



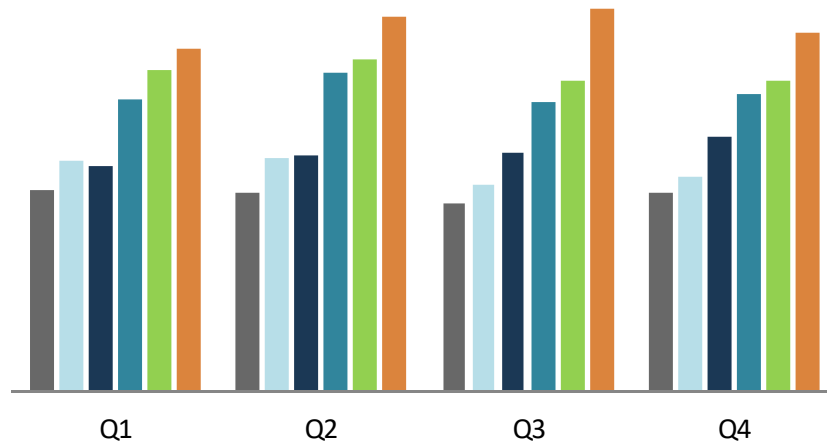


# 5.0 SUBSEQUENT EVENTS

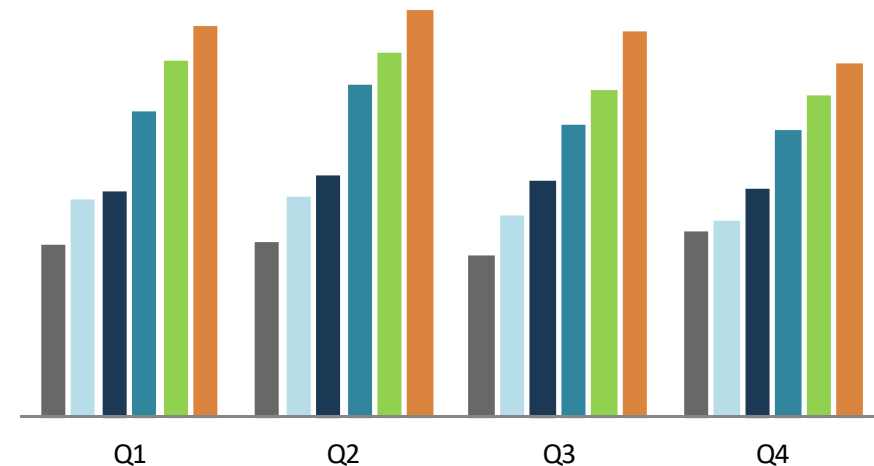
# QUARTERLY GROWTH 2014 TO 2019



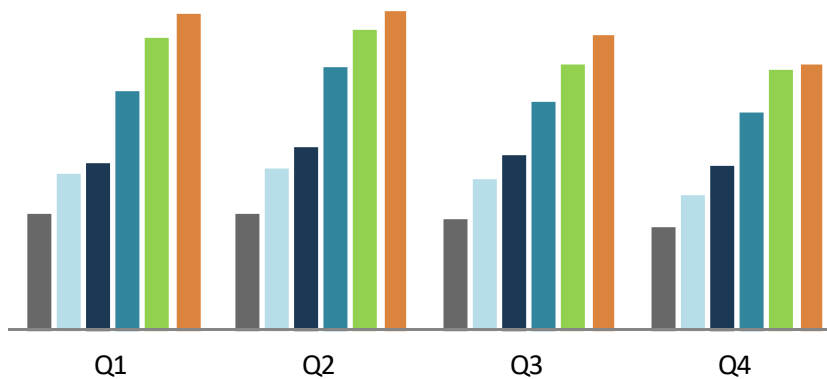
Turnover (€ Mio)



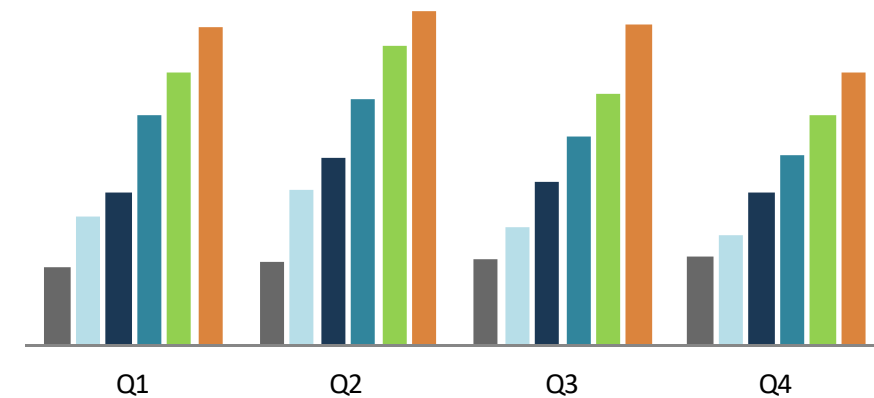
EBITDA (€ Mio)



EBIT (€ Mio)



Net Income (€ Mio)



■ 2014 ■ 2015 ■ 2016 ■ 2017 ■ 2018 ■ 2019

**History supports our growing path and our commitment to growth:**

**24 consecutive quarters beating quarterly record**



*Despite the impact of the coronavirus on the market, the proven solvency of our business model allows us to **assume the commitment to continue excelling ourselves. Q1 2020 would be the 25<sup>th</sup> consecutive quarter beating, once again, our quarterly records.***





# APPENDIX



# APPENDIX I.- RESULTS NORMALISATION DECEMBER 2018



(€ Mio)	CIE P&L DECEMBER 2018	PyG 1S 2018 DOMINION <sup>(1)</sup>	SURPLUS FROM DOMINION RELATED DIVIDEND	NORMALISATION ADJUSTMENTS <sup>(2)</sup>	NORMALISED AUTOMOTIVE P&L DECEMBER 2018 <sup>(3)</sup>
Turnover	3,029.5	-	-	-	3,029.5
EBITDA	529.0	-	-	-	529.0
EBIT	365.3	-	-	33.9	399.2
EBT	318.5	-	-	44.9	363.4
<i>Tax expenses</i>	<i>(90.1)</i>	-	-	8.7	<i>(81.4)</i>
<i>Discontinued activities</i>	<i>209.1</i>	<i>(13.2)</i>	<i>(238.9)</i>	40.9	<i>(2.1)</i>
Profit for the year	437.5	(13.2)	(238.9)	94.5	279.9
<i>Attributable to non- controlling interest</i>	<i>(40.7)</i>	6.8	-	(3.2)	<i>(37.1)</i>
Net income	396.8	(6.4)	(238.9)	91.3	242.8

<sup>(1)</sup> Income statement of DOMINION segment until the distribution of the extraordinary dividend.

<sup>(2)</sup> Summary of non- recurrent adjustments registered within CIE Automotive Group's income statement.

<sup>(3)</sup> Normalised Income statement of Automotive business as of 31/12/2018.

## APPENDIX II.- ALTERNATIVE PERFORMANCE MEASURES (APMs)



In addition to the financial information prepared in accordance with generally accepted accounting standards (IFRS), CIE Automotive Group uses in the management of the business recurrently and consistently certain Alternative Performance Measures ('APMs'), which include concepts about result, balance and cash flow, understanding that they are useful to explain the evolution of their activity. Below is a breakdown of all the APMs used in this document, as well as their definition and reconciliation with the financial statements.

PERFORMANCE MEASURES	DEFINITION
EBITDA	Net Operating Income + Recurrent Depreciation.
Adjusted EBITDA	Annualized EBITDA of 12 last months in those companies incorporated to the perimeter during the period. It includes 50% of the Ebitda of Chinese JV SAMAP, which based on the current agreements with the partner, is consolidated by the equity method.
EBIT	Net Operating Income.
EBT	Earnings Before Taxes.
Net Income	Profit attributable to the company's shareholders.
Net Normalized Income	Net Income of the Automotive segment excluding non recurrent positive and negative adjustments.
Net Financial Debt	Debt with banks and other financial institutions – Cash and equivalents – Other current and non-current Financial Assets.
Adjusted Net Financial Debt	Net Financial Debt including 50% of Chinese JV SAMAP net financial debt, consolidated by the equity method as per the current partner agreements reached.
RONA = "Return on Net Assets"	EBIT Last annualized 12 Months/ Net Assets (Fixed Assets + Net Working Capital – Goodwill not associated to cash outs).
Fixed assets	Tangible assets and Intangible Assets, including Goodwill and without including rights of use over leased assets (IFRS 16).
Maintenance CAPEX	The one related to the renovation of the facilities to face market growth.
Operating cash flow (%)	EBITDA – Financial expenses paid – Tax payments – Maintenance CAPEX.
CAGR	Compound annual growth rate.



***CIE Automotive***

MANAGING HIGH VALUE ADDED PROCESSES